

Message Text

SECRET

PAGE 01 PEKING 02239 050320Z

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INFO AMEMBASSY LONDON

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LIMDIS

E.O. 11652: GDS

TAGS: PFOR, ECON, CH, UK

SUBJECT: BRITISH CLAIMS AGAINST THE PRC

1. UK EMBASSY DCM MICHAEL MORGAN CALLED ON DC HOLDRIDGE DECEMBER 4 "UNDER INSTRUCTIONS" TO INQUIRE ABOUT ANY CONCRETE RESULTS OF SECRETARY KISSINGER'S TALKS WITH THE CHINESE, SPECIFICALLY AS REGARDS FURTHER PROGRESS IN SETTling US-PRC CLAIMS AND ASSETS ISSUE. WHEN INFORMED SIMPLY THAT DISCUSSIONS ON THIS ISSUE HAD TAKEN PLACE AND THAT THERE WOULD BE FURTHER DISCUSSIONS

MORGAN EXPRESSED SOME RELIEF. HE INDICATED THAT RESOLUTION OF US-PRC CLAIMS AND ASSETS QUESTION WOULD PUT INCREASED PRESSURE ON UK TO PRESS BRITISH CLAIMS AGAINST PRC WHICH WOULD IN TURN RAISE PROBLEMS IN UK-PRC RELATIONS.

2. MORGAN EXPLAINED THAT UK PRIVATE CLAIMS AGAINST PRC TOTAL 350 MILLION POUNDS AND INCLUDE MAJOR ITEMS SUCH AS KAILAN MINES AND BRITISH SHELL PROPERTIES. UNDER PRESSURE OF CLAIMANTS, UK HAD FELT OBLIGED SIX MONTHS AGO TO SUBMIT DETAILED LIST OF CLAIMS TO CHINESE. MORGAN SPECULATED WEST GERMANS AND FRENCH MIGHT HAVE CLAIMS OF SIMILAR

MAGNITUDE AGAINST THE CHINESE, WHO IN HIS OPINION WOULD NOT BE AT ALL ANXIOUS TO ADDRESS THIS MATTER WITH THE UK AND OTHER CONCERNED

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SECRET

PAGE 02 PEKING 02239 050320Z

COUNTRIES IN VIEW OF LARGE SUMS INVOLVED.

3. COMMENT: WE HAVE PREVIOUSLY SPECULATED THAT ONE REASON FOR CHINESE SLOWNESS IN ADDRESSING US-PRC CLAIMS AND ASSETS ISSUE IS PROBLEMS A SETTLEMENT MIGHT RAISE IN CONNECTION WITH CLAIMS AGAINST CHINA BY OTHER COUNTRIES. MORGAN'S INFORMATION WOULD APPEAR TO BEAR THIS OUT. CONCEIVABLY, CHINESE SENSITIVITIES OVER QUESTION OF CLAIMS BY BOND HOLDERS COULD ALSO RELATE TO THIS PROBLEM, SINCE AS WE UNDERSTAND IT THERE ARE MANY MORE HOLDERS IN EUROPE THAN IN US OF BONDS ISSUED BY PREVIOUS CHINESE ADMINISTRATIONS.
HOLDRIDGE

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